Energy Upgrade California – Financing Program

Reduce energy use. Save money. Create jobs.



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Finance Clearinghouse Description



Energy Upgrade California Financing Program

- Administered by California State-wide Community Development Authority
- Competitive solicitation will be offered for interested financial institutions offering residential and commercial retrofit loan products
- Low rates expected as the program will offer standard underwriting, comprehensive program roll-out (contractor qualification, quality assurance, etc.) and bundling of State-wide building stock
- Offered State-wide through Energy Upgrade California web-site application, subsidized with interest rate buy-down and loan loss reserve in leadership counties that commit local resources



Energy Upgrade California Financing Program

Existing: **Enhanced:** Before: Financing Financing Common **Products** Program Structure Lender Secured Qualification Credit Unsecured **Enhancements** Hybrid Approved Secured/Unsecur **PACE** Contractors Leases / PPAs **Quality Assurance** Universal PACE* **Application** Reduce energy use. Save mor

Program Components



Value Proposition

Consumers

- Increased awareness regarding available financing options
- Ability to be pre-qualified and apply for loans online
- Side-by-side comparison of loan offers
- Subsidized rates only available via clearinghouse application

Lenders

- New distribution channel and lead generation service
- Access to subsidies and infrastructure
 - Lower rates drive demand
 - Infrastructure can reduce risk

Government

- Fills gap left by PACE and allows for reinsertion of PACE
- Serve constituents and address climate goals
- Promotes competition amongst lenders
- Efficient mechanism for deployment of local funds



Product Types

Secured

- Energy Efficiency Mortgage
- Home Equity Loans (HELs) or Home Equity Lines of Credit (HELOCs)
- HUD Title I Home Improvement Loan

Unsecured

- EGIA GeoSmart Loan
- Fannie Mae Energy Loan
- Personal Loan

Other

- PACE
- Solar Lease or PPA



Lender Types

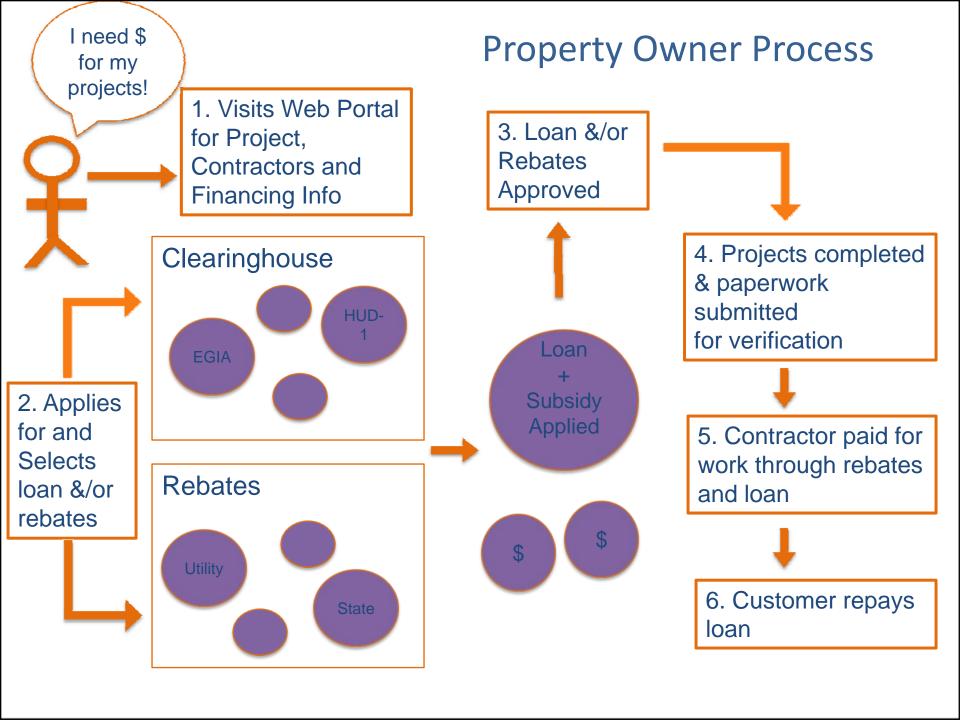
- National Banks and Financial Institutions
 - For Example: US Bank, Bank of America, GE Money
- Regional Banks
- Community and Local Banks
 - For Example: New Resource Bank
- Credit Unions



Credit Enhancements

- Interest Rate Buy Downs and Loan Loss Reserves available from several sources to increase the attractiveness of existing products to consumers and lenders
 - \$4 M to available to leadership counties through Energy Upgrade California Program
 - \$50 M from SB 77 (Pavley, 2010) established a state-financed reserve for PACE programs from the Energy Commission's Renewable Resource Trust Fund. Due to FHFA July 6 guidance restricts use of PACE, need for changes to statute to expand program beyond PACE
 - Local governments can apply additional financial subsidies from ARRA Funds for their geographic region





Timeline

- September December 2010
 - Design and Stakeholder Engagement
- January 2011
 - Pilot Launch and Early Implementation
- March May 2011
 - Full Launch and Implementation



Thank You

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